

• ASBESTOS •



Highlights of 1968

1968

| | |
|------------------------------------|--------------|
| Sales | \$43,631,836 |
| Income before taxes | 7,868,741 |
| Provision for taxes on income | 2,995,000 |
| Income after taxes | 4,873,741 |
| Dividends per: | |
| (a) preferred share | \$4.50 |
| (b) common share | 1.00 |
| Earnings per: common share | 1.79 |
| Paid to Shareholders as Dividends: | |
| (a) preferred shares | \$ 247,500 |
| (b) common shares | 2,581,665 |
| Reinvested in the Business | 2,044,576 |
| Working Capital | 11,215,208 |
| Depreciation & Depletion | 2,559,408 |
| Total Assets | 82,638,538 |
| Paid to Employees during year: | 15,680,615 |
| Number of employees: | 2,234 |
| Number of Common Shareholders | 6,647 |

Asbestos Corporation Limited

(Incorporated under the laws of Canada, 6 October 1925)

MAR 24 1969

Asbestos Corporation Limited

Head Office: 522 Canada Cement Building, 606 Cathcart Street, Montreal, Que., Canada
and Subsidiary Companies

ASBESTOS CORPORATION (EXPLORATIONS) LIMITED

(Incorporated under the laws of Canada, 19 March 1951)

ASBESTOS CORPORATION SERVICES LIMITED

(Incorporated under the laws of Canada, 6 July 1960)

ANCHOR HOLDINGS LIMITED

(Incorporated under the laws of Bahama Islands,
25 January 1962)

GENERAL MINERALS BENEFICIATION LIMITED

(Incorporated under the laws of Canada, 20 January 1953)

HUDSON STRAIT ASBESTOS LIMITED

(Incorporated under the laws of the Province of Quebec,
17 January 1963)

Board of Directors

| | |
|------------------------|--|
| W. A. ARBUCKLE * | President, Arbuckle, Govett & Co., Ltd., Montreal |
| PAUL BIENVENU | Consultant, Ogilvie Flour Mills Company Ltd., Montréal |
| A. M. CAMPBELL* | President, Sun Life Assurance Co. of Canada, Montreal |
| K. T. DAWES | Retired Industrialist, Montreal |
| J. E. L. DUQUET, Q.C.* | Senior Partner, Duquet, MacKay, Weldon, Bronstetter, Willis & Johnston, Montreal |
| ANDRE ESENS | Chairman, Compagnie Financière Eternit S.A., Bruxelles, Belgium |
| G. F. JENKINS | Retired Executive, Knowlton, Quebec |
| F. R. KEARNS | President, Canadair Limited, Montreal |
| J. A. D. MARCOTTE | Retired Industrialist, Thetford Mines |
| W. W. OUGHTRED * | President and Chief Executive Officer, Thetford Mines |
| A. L. PENHALE * | Chairman, Thetford Mines |
| J. A. SARGENT * | Vice-President — Finance, General Dynamics Corporation, New York |
| EDWARD C. WOOD* | Chairman, Sogemines Limited, Montreal |

* Member of the Executive Committee

Officers of the Corporation

| | |
|-----------------------|--|
| A. L. PENHALE | Chairman |
| W. W. OUGHTRED | President and Chief Executive Officer |
| P. H. RIORDON | Vice-President and General Manager |
| KENNETH T. DAWES | Vice-President |
| J. E. L. DUQUET, Q.C. | Vice-President and General Counsel |
| F. A. CUNNINGTON | Vice-President — Operations |
| M. P. CARSON | Vice-President — Sales |
| J. W. McCARVILL | Vice-President — Administration |
| I. C. CAMPBELL | Vice-President and Secretary-Treasurer |
| G. A. McCAMMON | Comptroller |

| | 1959 | 1960 | 1961 |
|------------------------------------|--------------|--------------|--------------|
| Sales | \$22,151,118 | \$23,974,579 | \$26,992,884 |
| Income before taxes | 4,676,379 | 5,089,653 | 6,623,684 |
| Provision for taxes on income | 1,619,000 | 1,830,000 | 2,538,000 |
| Income after taxes | 3,057,379 | 3,259,653 | 4,085,684 |
| Dividends per: | | | |
| (a) preferred share | — | — | — |
| (b) common share | \$1.40 | \$1.40 | \$1.60 |
| Earnings per: common share | \$1.69 | \$1.81 | \$2.04 |
| Paid to Shareholders as Dividends: | | | |
| (a) preferred shares | — | — | — |
| (b) common shares | \$ 2,520,000 | \$ 2,520,000 | \$ 2,880,000 |
| Reinvested in the Business | 537,379 | 739,653 | 1,205,684 |
| Working Capital | 8,491,871 | 9,047,781 | 11,612,935 |
| Depreciation & Depletion | 1,600,000 | 1,600,000 | 1,850,000 |
| Total Assets | 36,287,145 | 37,669,271 | 39,107,197 |
| Paid to Employees during year: | 8,411,898 | 9,109,427 | 9,210,596 |
| Number of employees: | 1,796 | 1,863 | 1,836 |
| Number of Common Shareholders | 6,573 | 6,729 | 6,622 |

A Ten Year Summary

| 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|--------------|--------------------------|---------------------------|--------------|--------------|--------------|--------------|
| \$25,027,044 | \$23,004,983 | \$37,491,304 | \$33,232,846 | \$39,166,628 | \$39,235,457 | \$43,631,836 |
| 4,805,633 | 2,825,424 | 5,726,871 | 6,036,028 | 8,235,055 | 6,615,159 | 7,868,741 |
| 1,528,000 | 899,000 | 2,722,200 | 2,300,000 | 3,100,000 | 2,495,000 | 2,995,000 |
| 3,227,633 | 1,926,424 | 3,004,671 | 3,736,028 | 5,135,055 | 4,120,159 | 4,873,741 |
| — | — | \$3.38 ⁽¹⁾ | \$4.50 | \$4.50 | \$4.50 | \$4.50 |
| \$1.60 | \$1.15 | \$1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| \$1.64 | \$0.96 | \$1.17 | \$1.41 | \$1.93 | \$1.50 | 1.79 |
| — | — | \$ 185,625 ⁽¹⁾ | \$ 247,500 | \$ 247,500 | \$ 247,500 | \$ 247,500 |
| \$ 3,200,000 | \$ 2,300,000 | \$ 2,301,491 | 2,465,367 | 2,524,967 | 2,578,723 | 2,581,665 |
| 77,632 | (373,576) ⁽²⁾ | 517,555 | 1,023,161 | 2,632,588 | 1,293,936 | 2,044,576 |
| 9,980,413 | 9,669,820 | 9,277,818 | 9,048,876 | 10,832,471 | 11,162,674 | 11,215,208 |
| 1,750,000 | 1,750,000 | 2,350,000 | 2,650,000 | 2,500,000 | 2,500,000 | 2,559,408 |
| 45,968,591 | 44,888,886 | 70,882,402 | 71,321,406 | 76,380,296 | 79,293,518 | 82,638,538 |
| 9,881,355 | 9,930,950 | 12,604,010 | 12,620,260 | 13,794,636 | 15,478,614 | 15,680,615 |
| 1,910 | 1,979 | 1,986 | 2,162 | 2,303 | 2,256 | 2,234 |
| 6,605 | 7,028 | 7,387 | 7,253 | 7,540 | 7,275 | 6,647 |

() Denotes Negative Figures. (1) 9 months only. (2) Reduction in earned surplus.

Report of the Directors to the Shareholders

Consolidated Balance Sheet as at December 31, 1968

Your Directors submit the forty-third Annual Report of the Company and its subsidiary companies for the year ended December 31st, 1968, together with the consolidated balance sheet and statements of income and earned surplus, and source and application of funds for the year 1968 as reported upon by your auditors, Messrs. Price Waterhouse & Co.

Net income for the year was \$4,873,741 compared with the 1967 figure of \$4,120,159. Net earnings applicable to the common shares came to \$4,626,241 or \$1.79 per share on the 2,582,850 common shares outstanding as compared with \$3,872,659, or \$1.50 per share on the shares outstanding as at December 31st. 1967.

If the preferred shares were to be converted this would result in an increase of 250,000 common shares which would bring the total to 2,832,850 common shares. On this basis earnings would be calculated at \$1.72 per common share.

In last year's report reference was made to your Company's investment in the Asbestos Hill Project in Ungava and to the fact that it had been placed on a care and maintenance basis pending the study of various means of bringing the property into production. During the year 1968, bulk sampling, reappraisal studies and design of facilities capable of initially producing and shipping concentrates yielding 50,000 tons of asbestos per annum were completed.

Estimates of the capital cost of bringing the property into production on this scale are currently being developed. Expenditures in 1968 were \$162,892.

On the balance sheet it will be noted that there is a new item "Other Deferred Development Expenditures - \$117,157". This

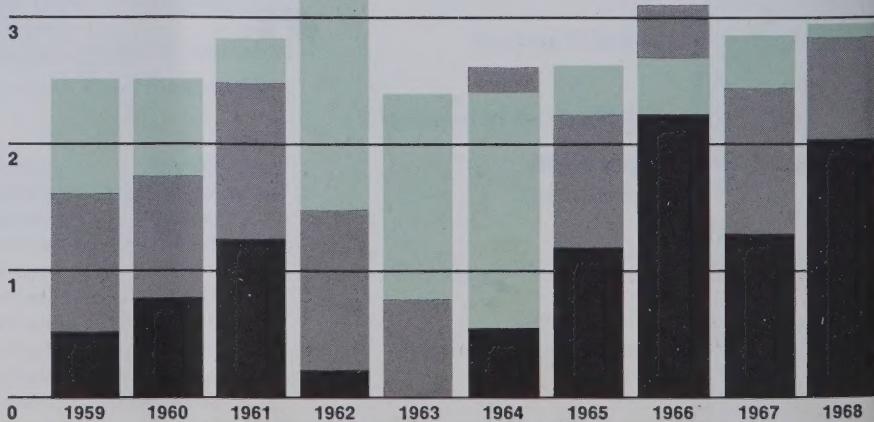
represents the expenditures during 1968 in connection with the development of the Penhale orebody. The existence of the Penhale orebody, near the Company's Normandie Mine, has already been indicated by diamond drilling at depth, but the extent and value of the deposit must be confirmed by underground development before final plans for the scale of production can be made. It is proposed to sink a 1,645 ft. development shaft and then drive laterally into the orebody at the 1,120 ft. level. From

Montreal, 21 March 1969

this drift, diamond drilling will be undertaken to outline the limits of the orebody. The total cost of this phase of the project is estimated at \$2.5 million and should be completed in late 1971. A further amount of five to seven million dollars will be required to develop the underground mine and bring it into production. The output from this operation would be treated at the Normandie Mill, and will ensure the continuity of operations at that property after the open pit reserves at that mine are exhausted.

Distribution of Net Earnings (in thousands)

4



ASBESTOS

Sales

At \$43,631,836, sales were at an all time high and \$4,396,379, or 11.2%, ahead of last year's figure of \$39,235,457. Demand is strong and the outlook for 1969 is for a further increase.

The continental European market, one of the most important for your company, was well ahead of 1967. Sales to the United States, Latin America and Japan also improved over the previous year.

For the first time in several years your company's sales of Group 3 - spinning fibre improved considerably, as its share of the overall market increased. The demand for asbestos cement fibres, (Groups 4, 5 & 6,) continued strong throughout the year and the prospects for these groups for 1969 are encouraging. Shipments of short fibres (Group 7) were also ahead of last year and the potential for next year appears promising. Inventory of asbestos fibre was substantially reduced during the year.

Operations

Although all mines operated at close to capacity throughout the year, overall production of asbestos fibre for the year was off some 5% from the figures attained in 1967. This was almost entirely attributable to a decline in the yield from ore milled. This situation is expected to improve as the present yield is below the average recovery from known ore reserves. Comparative operating statistics for the past two years are shown in the following table:

| | 1968 | 1967 |
|--|------------|------------|
| Stripping (Cu. Yds.) | 480,000 | 806,000 |
| Barren Rock mined (tons) | 17,176,000 | 15,470,000 |
| Ore processed (tons) | 9,142,000 | 8,545,000 |
| Average daily tonnage of rock mined | 91,175 | 81,451 |
| Average daily tonnage of ore processed | 33,105 | 29,213 |

In order to improve productivity and lower the cost of open pit mining operations, twenty-three new 45-ton capacity diesel trucks were purchased and put into operation in August. These new vehicles replaced forty smaller units and enabled the company to standardize its truck fleets at the King-Beaver and British Canadian Mines. During the year a long term major programme for the improvement and standardization of maintenance systems, procedures and practices was initiated at all mines.

At the King-Beaver Mine work has commenced on the construction of a new ore preparation plant at a cost of \$2.5 million which is scheduled for operation by September 1st, 1969. This new facility will process all King-Beaver open pit ore. Concurrently a new underground crushing station at the K-B No. 3 Shaft is being built to handle all the ore from underground operations and is expected to be completed in May 1969. This will consolidate the two separate underground operations into one and all ore will be hoisted through No. 3 shaft.

Open pit operations at the British Canadian Mine were hampered to some extent by the high waste to ore ratio currently being encountered. Revision of mining plans is

expected to solve this problem as additional mining equipment becomes available.

Ore Reserves

After allowing for ore consumed by operations during the year and a re-allocation of reserves from "Other Properties" to operating mines, ore reserves at the year end were calculated to be as follows:

| | 1968 (tons) | 1967 (tons) |
|-----------------------|----------------|----------------|
| King-Beaver Mine | 44,655,000 | 45,942,000 |
| British Canadian Mine | 68,285,000 | 70,460,000 |
| Normandie Mine | 11,622,000 | 11,550,000 |
| Asbestos Hill | 18,738,000 | 18,738,000 |
| Other Properties | 10,611,000 | 14,473,000 |
| Total: | 153,911,000 | 161,163,000 |

In addition to the above reserves, in the Thetford area there are 41,990,000 tons classified as probable ore and a further 56,500,000 tons of possible ore.

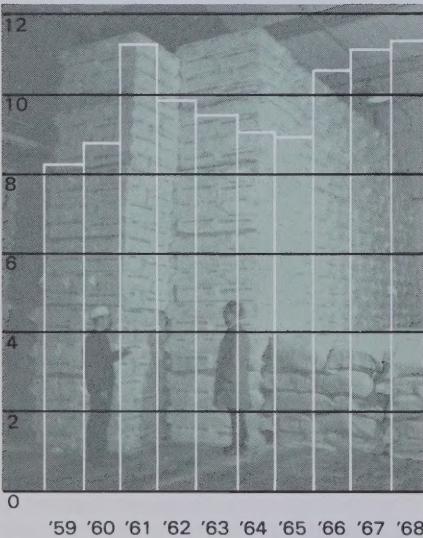
Explorations

Exploratory diamond drilling for the year with corresponding figures for the previous year is shown below:

| | 1968 ft. | 1967 ft. |
|-----------------------|-------------|-------------|
| King-Beaver Mine | 10,614 | 3,810 |
| British Canadian Mine | 3,502 | nil |
| Normandie Mine | 1,058 | nil |
| Other properties | 8,692 | 23,818 |
| Total | 23,866 ft. | 27,628 ft. |

Working Capital

Millions of dollars at year-end



Your Company's wholly owned subsidiary, Asbestos Corporation (Explorations) Limited, continued its activities in the field of outside exploration. The major effort was centered in North West Ontario where a group of base metal claims in the Hornby Lake area were evaluated with disappointing results. Property examinations in Australia and California were also undertaken and four joint exploration ventures, entered into in previous years, were continued in Alaska, Ontario and British Columbia. Various prospects were submitted to the Company for evaluation but nothing of commercial interest resulted.

General

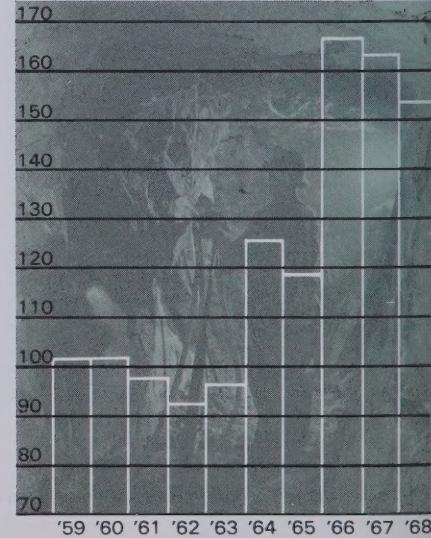
Labour contracts with both hourly and salaried employees expired on December 31st. 1968, and negotiations for their renewal had begun at the time of writing. Demands for substantial increases in wages and other benefits have been received.

Canadair Limited of Montreal which, in July 1968, purchased a substantial share interest in this Company from the Johnson's Companies, recently acquired an additional 1,000,000 common shares pursuant to a public offer and related purchases. Canadair now holds approximately 54% of the outstanding common shares of this Company.

During the year the Company suffered the grievous loss of two of its directors, Mr. A.S. Johnson and Mr. C.E. Mooney, and of an honorary director, Lt. Col. J.G. Ross. Mr. Johnson was President of the Johnson's companies and with Mr. Mooney represented the Johnson's companies' interest in the Company. Lt. Col. Ross was a former Director and General Manager of the Company. All these gentlemen contributed substantially to the welfare of the Company and will be sorely missed. Mr. J.A. Sargent, a Director and Vice-President - Finance, General Dynamics Corporation, New York, and a Director and Vice-Chairman of Canadair Limited, and Mr. F.R. Kearns, President and Chief Executive Officer of Canadair Limited, were appointed to the Board of Directors to fill these vacancies; in addition, Mr. Sargent was appointed to the Executive Committee of the Board. The outlook for 1969 is for a further improvement in sales but with constantly rising costs it is difficult to predict overall results for the coming year.

Ore Reserves

Millions of tons at year-end



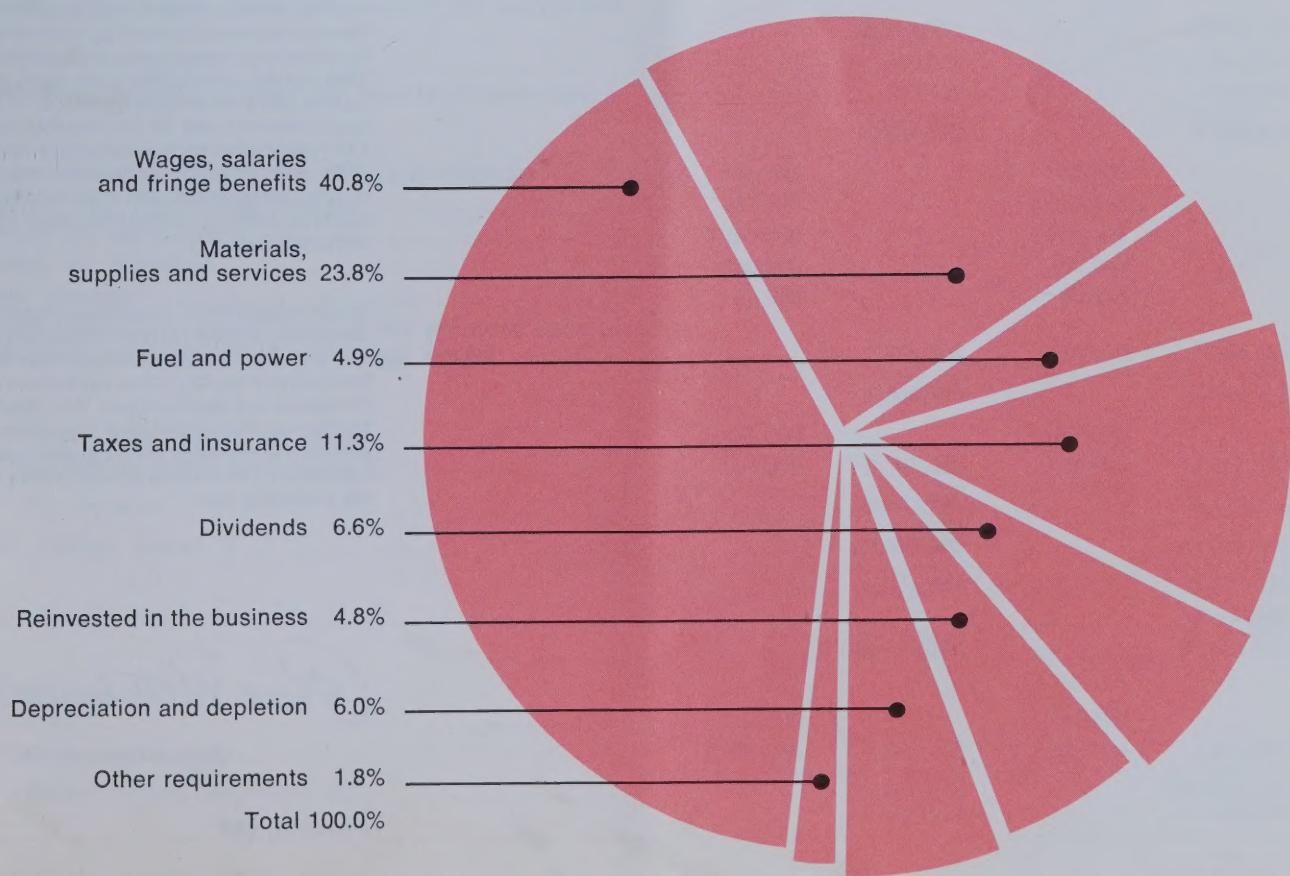
Your directors take this opportunity to express their appreciation of the loyalty and support of employees throughout the past year.

On behalf of the Board of Directors

A. L. PENHALE
Chairman

W. W. OUGHTRED
President and Chief Executive Officer

Distribution of Income Dollar



Auditors' Report

**To the Shareholders of
Asbestos Corporation Limited**

We have examined the consolidated balance sheet of Asbestos Corporation Limited and its subsidiary companies as at December 31, 1968 and the consolidated statements of income and earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Chartered Accountants.

January 21, 1969

Asbestos Corporation Limited and Subsidiary Companies

Consolidated statement of income and earned surplus year ended December 31, 1968

| | 1968 | 1967 |
|---|----------------------------|----------------------------|
| Sales | \$43,631,836 | \$39,235,457 |
| Cost of sales including selling, general and administrative expenses | <u>33,436,844</u> | <u>29,644,247</u> |
| Operating profit before taking into account the undernoted items | 10,194,992 | 9,591,210 |
| Income from investments | 286,024 | 263,494 |
| Miscellaneous income including gain on sale of fixed assets | 353,319 | 144,804 |
| | 10,834,335 | 9,999,508 |
| Directors' fees and remuneration of officer directors | \$ 146,409 | \$ 165,800 |
| Exploration and prospecting expenses | 167,197 | 223,494 |
| Provision for depreciation | 2,259,408 | 2,200,000 |
| Provision for depletion | 300,000 | 300,000 |
| Interest expense | 92,580 | 58,205 |
| Expenses incurred in connection with the proposed issue of debentures and subsequent withdrawal thereof | — | 436,850 |
| | 2,965,594 | 3,384,349 |
| | 7,868,741 | 6,615,159 |
| Provision for current taxes on income | 2,495,000 | 1,640,000 |
| Tax applicable to future years (Note 3) | <u>500,000</u> | <u>855,000</u> |
| Net income | 4,873,741 | 4,120,159 |
| Earned surplus, January 1 | 29,802,302 | 14,508,366 |
| Transfer of General Reserve | 34,676,043 | 18,628,525 |
| | — | 14,000,000 |
| | 34,676,043 | 32,628,525 |
| Dividends— | | |
| Preferred | 247,500 | 247,500 |
| Common | 2,581,665 | 2,578,723 |
| Earned surplus, December 31 | <u>\$31,846,878</u> | <u>2,826,223</u> |
| | <u><u>\$31,846,878</u></u> | <u><u>\$29,802,302</u></u> |

Asbestos Corporation Limited and Subsidiary Companies

Consolidated Balance Sheet as at December 31, 1968

| Assets | 1968 | 1967 |
|---|---------------------|---------------------|
| CURRENT ASSETS: | | |
| Cash | \$ 225,874 | \$ 209,034 |
| Accounts and bills receivable, less allowance for doubtful accounts | 12,964,557 | 10,731,733 |
| Inventories of stocks on hand— | | |
| Asbestos, valued at the lower of cost or net realizable value | 2,884,666 | 4,450,238 |
| Materials and supplies, at cost | 2,371,589 | 2,329,038 |
| Prepaid taxes, insurance, etc. | 381,920 | 293,160 |
| | <u>18,828,606</u> | <u>18,013,203</u> |
| INVESTMENTS AND ADVANCES: | | |
| Shares of foreign companies, at cost .. | 7,460,951 | 7,433,660 |
| Employees' mortgages | 342,878 | 310,995 |
| Advance to trustees for employees' stock purchase plan (Note 1) | 125,730 | 186,142 |
| Special refundable tax | 237,314 | 337,314 |
| | <u>8,166,873</u> | <u>8,268,111</u> |
| PROPERTIES, at cost: | | |
| Land and mineral areas | 7,992,546 | 7,992,548 |
| Less: Accumulated depletion | 3,267,847 | 2,967,847 |
| | <u>4,724,699</u> | <u>5,024,701</u> |
| Buildings, plant and equipment | 55,561,393 | 52,146,221 |
| Less: Accumulated depreciation | 29,134,748 | 28,370,384 |
| | <u>26,426,645</u> | <u>23,775,837</u> |
| | <u>31,151,344</u> | <u>28,800,538</u> |
| MINERAL AREAS UNDER DEVELOPMENT IN UNGAVA (Note 2): | | |
| Mining rights, licences, etc. | 11,351,766 | 11,351,766 |
| Exploration, development and construction costs | 15,111,491 | 14,948,599 |
| | <u>26,463,257</u> | <u>26,300,365</u> |
| Less: Credit arising on exchange of common shares for mineral areas | 2,088,699 | 2,088,699 |
| | <u>24,374,558</u> | <u>24,211,666</u> |
| | <u>117,157</u> | <u>—</u> |
| | <u>\$82,638,538</u> | <u>\$79,293,518</u> |

| Liabilities | 1968 | 1967 |
|--|-------------------|-------------------|
| CURRENT LIABILITIES: | | |
| Bank loan | \$ 2,000,000 | \$ 900,000 |
| Accounts payable and accrued liabilities..... | 3,737,866 | 4,344,133 |
| Income and other taxes | 1,875,532 | 1,156,396 |
| Final instalment of deferred liability | — | 450,000 |
| | <u>7,613,398</u> | <u>6,850,529</u> |
| INCOME TAXES APPLICABLE TO FUTURE YEARS (Note 3) | 8,960,000 | 8,460,000 |
| CAPITAL STOCK (Note 4): | | |
| 4½% Cumulative convertible redeemable preferred shares — par value \$100 — 55,000 shares authorized and outstanding | 5,500,000 | 5,500,000 |
| Common shares of no par value — 2,582,850 shares outstanding | 27,718,262 | 27,680,687 |
| | <u>33,218,262</u> | <u>33,180,687</u> |
| SURPLUS: | | |
| Distributable surplus | 1,000,000 | 1,000,000 |
| Earned surplus, per statement attached | 31,846,878 | 29,802,302 |
| | <u>32,846,878</u> | <u>30,802,302</u> |

Approved on Behalf of the Board:

A. L. PENHALE, Director

W. W. OUGHTRED, Director

\$82,638,538 \$79,293,518

Consolidated statement of source and application of funds
year ended December 31, 1968

Source of funds:

From operations —

| | 1968 | 1967 |
|--|-------------------|-------------------|
| Net income for the year | \$4,873,741 | \$4,120,159 |
| Depreciation and depletion | 2,559,408 | 2,500,000 |
| Income taxes applicable to future years .. | 500,000 | 855,000 |
| | <hr/> 7,933,149 | <hr/> 7,475,159 |
| | 101,238 | — |
| | <hr/> 37,575 | <hr/> 74,812 |
| | <hr/> \$8,071,962 | <hr/> \$7,549,971 |

Application of funds:

| | | |
|---|-------------------|-------------------|
| Additions to properties and mineral areas under development | \$5,190,263 | \$3,927,777 |
| Decrease in deferred liability | — | 450,000 |
| Increase in investments and advances | — | 15,768 |
| Dividends paid — preferred | 247,500 | 247,500 |
| Dividends paid — common | 2,581,665 | 2,578,723 |
| | <hr/> 8,019,428 | <hr/> 7,219,768 |
| | 52,534 | 330,203 |
| | <hr/> \$8,071,962 | <hr/> \$7,549,971 |

Notes to consolidated financial statements December 31, 1968

Note 1 — STOCK PURCHASE PLAN:

Under the stock purchase plan approved by shareholders, rights may be granted to trustees to purchase with funds advanced by the company, repayable with interest, up to 75,000 of the company's common shares on behalf of a number of its officers and employees. Rights which expire over a period of five years were granted in 1964 to 67 officers and employees on 52,500 shares at a price of \$22.50 per share. During 1968 rights on 1,670 shares were exercised. At December 31, 1968 rights to purchase 4,900 shares were outstanding, of which 2,600 were granted to officers, including some who are also directors.

Note 2 — MINERAL AREAS UNDER DEVELOPMENT IN UNGAVA:

Work on the development of the mineral areas in Ungava which envisaged a mine and mill with a capacity of 100,000 tons of asbestos per annum was suspended in 1967. Studies are in progress with respect to a facility based on initially producing and shipping concentrates yielding 50,000 tons of asbestos per annum.

Note 3 — INCOME TAXES:

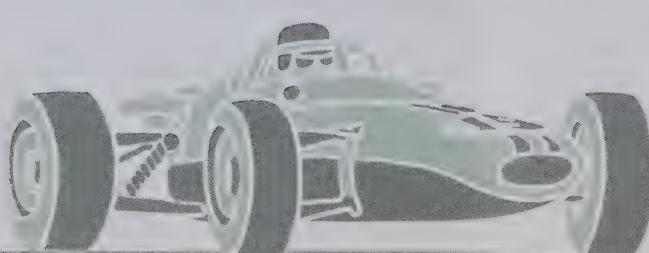
Capital cost allowances and exploration and development costs which are being claimed as deductions from taxable income exceed in total the amount recorded in the accounts. The related tax deferral is treated as tax applicable to future years.

Note 4 — CAPITAL STOCK:

The preferred shares are convertible into common shares at the rate of \$22.00 per common share up to April 30, 1974 and thereafter will be redeemable at par. Changes during 1968 in the outstanding common shares were as follows:

| | Shares |
|--|--------------------|
| Authorized | <hr/> 3,600,000 |
| Oustanding at December 31, 1967 | 2,581,180 |
| Issued in 1968 — | \$27,680,687 |
| On exercise of rights under employees' stock purchase plan | 1,670 |
| Oustanding at December 31, 1968 | <hr/> 2,582,850 |
| | <hr/> \$27,718,262 |

250,000 unissued common shares are reserved for conversion of preferred shares, and 4,900 shares are reserved to satisfy rights already outstanding under the stock purchase plan.



ASBESTOS

... in many languages

It is believed that the first recorded word for what we in the English-speaking world call asbestos to-day, was the Greek *ἀσθετός*.

Its Roman equivalent was "amianthus" and can be translated as incorruptible, unquenchable or incombustible. The word "amianthus" was in fact used in the English language up to the 19th century and its equivalent remains in French to-day "amiante" and in Italian "amianto". In German it is "asbest", in Spanish "asbesto".

Not only did the Greeks have a word for it but also a use—Hippocrates is credited with prescribing asbestos as a medicine in 460 B.C. Plutarch records that the perpetual lamps which burned in the temple of the Goddess Athena had wicks of "Carpathian linen or amiantos".

The Romans discovered amianthus in their own mountains and Pliny, the Roman historian, who perished in the eruption of Mt. Vesuvius, in 79 A.D., might have escaped had he been wrapped in the cremation cloth of "*linum vivum*" (immortal cloth) or amianthus, which he mentioned in his writings.

Not without reason has asbestos often been referred to as the magic mineral. Charlemagne, King of the Franks in the 9th Century, is credited with having averted a military catastrophe by so impressing his potential adversaries at a banquet with the magic of his unburnable tablecloth that they bowed in deference to one possessed of such supernatural powers.

Marco Polo, the Venetian explorer, reporting on his travels to Siberia told in 1250 of seeing an unburnable cloth which was reputedly made of "salamander's wool" but upon investigation proved to be of amianto.

There were and are other words for asbestos—it has been referred to as "pierre à coton" (cotton rock) in its native Quebec, "crocidolite" (woolly stone) in South Africa, and in Germany it is sometimes called "steinflachs" (stone flax). The word "chrysotile" which applies to Canadian asbestos comes from the Greek and means "fine hair of gold".

To-day regardless of what it may be called, asbestos finds many uses. Hippocrates' advice finds favour to-day where powdered asbestos is used in heart surgery. The equivalent of the "Carpathian linen" wicks in the lamps of the Vestal Virgins is now found in modern cigarette lighters. The present day counterpart of Pliny's cremation cloths of "*linum vivum*" is asbestos fire fighting clothes. Charlemagne's tablecloth cannot perhaps be bought to-day but other asbestos textile products can be, like ironing board covers.

Many words, many uses, in many lands— asbestos has come a long way since the Greeks first coined a word for it.



Asbestos Corporation Limited

A. L. PENHALE
Chairman

W. W. OUGHTRED
President and Chief Executive Officer

P. H. RIORDON
Vice-President and General Manager

K. T. DAWES
Vice-President

J. E. L. DUQUET, Q.C.
Vice-President and General Counsel

OPERATIONS DIVISION

F. A. CUNNINGTON
Vice-President — Operations

Production Department — Thetford Mines

C. G. BOURNE
Manager

M. L. TREPANIER
Plant Manager, King-Beaver Mine

R. W. LITTLE
Plant Manager, British Canadian Mine

W. B. CALLAN
Plant Manager, Normandie Mine

Product Research and Development Department

G. F. A. BRINK
Manager

Engineering Department

W. H. FOSTER
Manager

J. M. SMITH
Chief Mining Engineer

M. K. SENICIE
Chief Milling Engineer

H. N. YOUNG
Chief Mechanical Engineer

E. W. O'BRIEN
Chief Electrical Engineer

A. W. DEAN
Chief Geological Engineer

Asbestos Hill Project

F. E. THURSTON
Manager

E. L. ALEXANDER
Resident Manager

SALES DIVISION

M. P. CARSON
Vice-President — Sales

Sales Department

A. C. STEELE
Regional Sales Manager

A. W. G. GIBB
Regional Sales Manager

P. E. LECLERC
Regional Sales Manager

A. S. JOHNSON, Jr.
Regional Sales Manager

M. C. PHARO
Technical Sales Manager

Traffic Department

G. R. BIRO
Manager

ADMINISTRATIVE DIVISION

J. W. MCCARVILL
Vice-President — Administration

Accounting Department

G. A. McCAMMON
Comptroller

Industrial Relations Department

J. G. MOONEY
Industrial Relations Manager

J. CAMIRE
Personnel Manager

Purchasing Department

J. Y. PAQUET
Purchasing Agent

CORPORATE AND FINANCIAL DIVISION

I. C. CAMPBELL
Vice-President and Secretary-Treasurer

J. D. NAJAR
Assistant Secretary

L. DOSTIE
Assistant Treasurer

SUBSIDIARY COMPANIES

**Asbestos Corporation (Explorations)
Limited**

E. G. ROBINSON
Manager — Toronto

Bankers:

Royal Bank of Canada, Montreal

Transfer Agents:

Preferred and Common Stock
The Royal Trust Company,
Montreal, Toronto & Calgary

Registrar:

Preferred Stock
Montreal Trust Company, Montreal
Common Stock
Royal Trust Company, Montreal
Toronto & Calgary

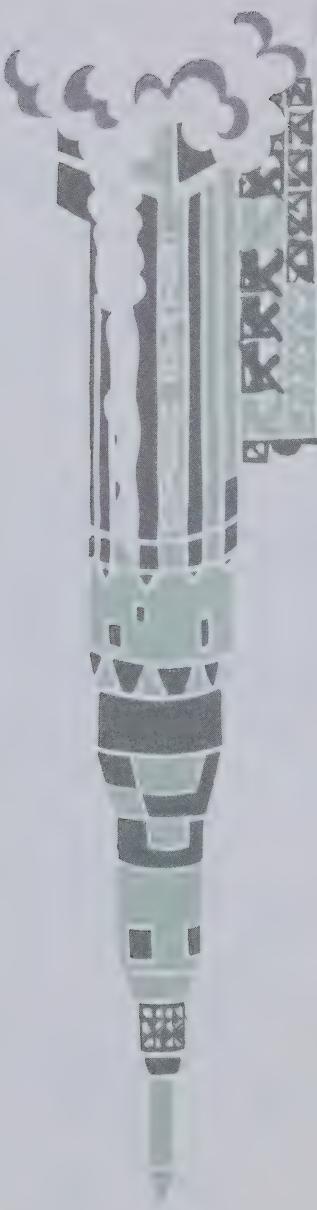
General Counsel:

Paquet, MacKay, Weldon, Bronstetter
& Johnston, Montreal

Auditors:

Price Waterhouse & Co., Montreal

Asbestos Corporation Limited



Quel que soit le nom qu'on lui donne, l'amiance trouve toujours, dans les usages, l'avis d'Hippocrate trouve adéptes aujoud'hui alors qu'on se sert d'amianté. Il faut dans le produit moderne. L'équivalente des lampes des Vestales est retrouvez maintenant dans les lampes des "toiles captaienne", l'amiante des mèches en "toile captaienne", l'amiante temporaire du linneul crème d'ambre, "linum vivum", de Pline l'ancêtre en en amiante de l'utile contre les incendies. Peut-être que le produit se procurer aujourd'hui la nappe de Charlemagne, mais on trouve d'autres produits textiles d'amianté, comme avec de nombreux noms, de multiples usages, en maitins pays — l'amiance a parcouru une longue route depuis que les Grecs lui ont trouvé un nom.

avec de nombreux noms, de multiples usages, en certains pays — familière a usages, en certains pays — familière à paracouru une longue route depuis que les Grecs lui ont trouvé un nom.

en plusieurs langues

LAMIANTE

31 circulatior au 1967
a: circulatior au 1968 —
31 decembre 1967
lors de l'exercice de droits
mis en 1968 —
en vertu du plan d'achet
d'actions par les employes
31 decembre 1968
31 circulatior au

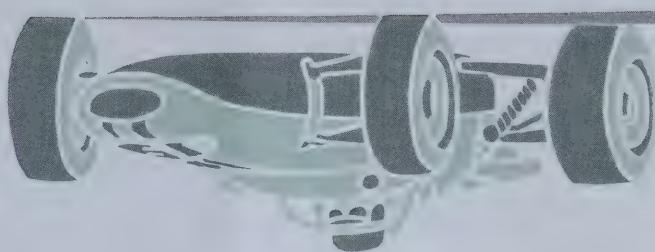
986 dans les changements qui ont produits en 1986 dans les actions ordinaires de la compagnie. Les actions ordinaires sont cotées à 30 dollars le 30 avril 1986. Les actions privilégiées sont cotées à 22,00 dollars le 30 avril 1986. Les actions ordinaires ont été émises au prix de \$22,00 par action et les actions privilégiées ont été émises au prix de \$30 par action. Les actions ordinaires ont été émises au prix de \$22,00 par action et les actions privilégiées ont été émises au prix de \$30 par action.

Note 4 — CAPITAL-ACTIONS:

au 31 décembre 1968
Notes relatives aux états financiers

| | | | | | | | | | | | | | | |
|------|------|------------|-------------|-------------|---------|--------|-----------|-------------|---------|---------|-----------|-----------|------------|-------------|
| 1968 | 1967 | 54,873,741 | 2,559,408 | \$4,120,159 | 500,000 | 85,000 | 7,933,149 | 7,475,159 | 101,238 | 37,575 | 74,812 | — | 88,071,962 | \$7,549,971 |
| | | 55,190,263 | \$3,927,777 | 450,000 | — | — | 190,263 | \$3,927,777 | — | 247,500 | 15,768 | — | 55,190,263 | \$3,927,777 |
| | | 450,000 | — | — | — | — | 450,000 | — | — | 247,500 | 2,578,723 | 7,219,768 | 8,019,428 | 52,2534 |
| | | — | — | — | — | — | — | — | — | 247,500 | 2,581,665 | 7,219,768 | 7,219,768 | 330,203 |
| | | — | — | — | — | — | — | — | — | 247,500 | 2,578,723 | 7,219,768 | 7,219,768 | \$7,549,971 |

Etat consolidé de la source et de l'affection des fonds de l'exercice terminé le 31 décembre 1968



| | |
|--|--|
| Augmentation des fonds | AdDITIONS AUX PROPRIÉTÉS ET TERRAINS MINIERS |
| en valeur de mise en valeur | DIMINUTION DE LA DETTE ÉCHÉOLONNÉE |
| en valeur de mise en valeur | AugMENTATION DES PLACEMENTS ET AVANTAGES |
| Dividendes versés — actions ordinaires | Dividendes versés — actions privilégiées |
| Dividendes versés — actions ordinaires | Dividendes versés — actions ordinaires |

| | | | | | |
|---------------------|--------------------------|-----------------------------|---|--------------------------------------|---|
| De l'exploitation — | Revenu net de l'exercice | Amortissement et épuisement | Impôts sur le revenu imputables à de futurs exercices | Diminution des placements et avances | Actions ordinaires émises en vertu du plan d'achat d'actions par les employés |
|---------------------|--------------------------|-----------------------------|---|--------------------------------------|---|

Source des fonds:

W. W. OUGHTRED, Administrateur

A. L. PENHALLE, Administrateur

Approuve au nom du Conseil d'Administration:

SURPLUS:

| | |
|---|------------|
| Excédent distribuable | 32,846,878 |
| Surplus d'exploitation, suivant état ci-joint | 30,802,302 |
| | 29,802,302 |

| | |
|--|------------|
| Actions ordinaires sans valeur nominale — 2,582,850 actions autorisées et en circulation | 33,218,262 |
| d'une valeur nominale de \$100 — 55,000 actions émises et en circulation | 27,718,262 |
| Actions privilégiées rachetables et convertibles à dividende cumulatif de 4 1/2% — | 5,500,000 |

CAPITAL-ACTIONS (Note 4):

| | |
|--|-----------|
| IMPOTS SUR LE REVENU IMPUTABLES À DE FUTURS EXERCICES (Note 3) | 8,960,000 |
|--|-----------|

EXIGIBILITES:

| | |
|---------------------------------------|------------|
| Emprunt bancaire | 6,850,529 |
| Comptes à payer et frais courus | 1,156,396 |
| Impôt sur le revenu et taxes | 4,344,133 |
| | 3,737,866 |
| | \$ 900,000 |

| DISPONIBILITÉS: | | PLACEMENTS ET AVANCES: | |
|---|------------|--|--|
| 1967 | 1968 | \$ 225,874 | \$ 209,034 |
| Comptes et effets à recevoir, moins provision pour créances douteuses | 12,964,557 | Stocks d'après invendable — | Aminante, évalue au plus bas du court ou de la valeur nette de réalisation |
| Encaisse | 10,731,733 | Taxes, assurances et autres frais payés d'avance | Matières premières et approvisionnements à leur court |
| | | 18,828,606 | 2,371,589 |
| | | 18,013,203 | 2,329,038 |
| | | 7,460,951 | 4,450,238 |
| | | 342,878 | 2,884,666 |
| | | 7,433,660 | 4,724,699 |
| | | 310,995 | 5,024,701 |
| | | 7,992,546 | 7,992,548 |
| | | 18,268,111 | 8,268,114 |
| | | 125,730 | 186,142 |
| | | 237,314 | 337,314 |
| | | 8,166,873 | 8,166,873 |
| | | | Impôt spécial remboursable |
| | | | (Note 1) |
| | | | Avance aux fiduciaires consenties à des employés |
| | | | Hypothèques consenties à des employés |
| | | | Actions de compagnies étrangères, au prix courant |
| | | | Actions aux fiduciaires relatives au plan d'achat d'actions par les employés |
| | | | Avance aux fiduciaires relatives au plan d'achat d'actions par les employés |
| | | | Mobilisations au prix courant: |
| | | | Terreains miniers et autres |
| | | | Molins: Épuisement accumulé |
| | | | Bâtisses, outillage et matériel |
| | | | Molins: Amortissement accumulé |
| | | | Terreains miniers, permis, etc. |
| | | | Droits miniers, permis, etc. |
| | | | Frais d'exploration, de mise en valeur et de construction |
| | | | Molins: Crédit résultant de l'échange d'actions ordinaires |
| | | | Centre des terrains miniers |
| | | | Autres dépenses échelonnées de mise en valeur |

Asbestos Corporation Limited et ses filiales

Bilan consolidé au 31 décembre 1968

Actif

PLACEMENTS ET AVANCES:

| | | | |
|---|------------|--|---|
| Actions de compagnies étrangères, au prix courant | 7,460,951 | Actions aux fiduciaires relatives au plan d'achat d'actions par les employés | Avance aux fiduciaires consenties à des employés |
| | 342,878 | | Hypothèques consenties à des employés |
| | 7,433,660 | | Actions de compagnies étrangères, au prix courant |
| | 18,268,606 | | |
| | 18,013,203 | | |
| | 125,730 | | |
| | 237,314 | | |
| | 186,142 | | |
| | 337,314 | | Impôt spécial remboursable |
| | 8,166,873 | | (Note 1) |
| | | | Avance aux fiduciaires relatives au plan d'achat d'actions par les employés |
| | | | Hypothèques consenties à des employés |
| | | | Actions de compagnies étrangères, au prix courant |
| | | | |

MOBILISATIONS au prix courant:

| | | | |
|-----------------------------------|--|-----------------------------------|--|
| Terreains miniers et autres | | Terreains miniers et autres | Molins: Épuisement accumulé |
| | | | Bâtisses, outillage et matériel |
| | | | Molins: Amortissement accumulé |
| | | | Terreains miniers, permis, etc. |
| | | | Droits miniers, permis, etc. |
| | | | Frais d'exploration, de mise en valeur et de construction |
| | | | Molins: Crédit résultant de l'échange d'actions ordinaires |
| | | | Centre des terrains miniers |
| | | | Autres dépenses échelonnées de mise en valeur |

AUTRES DÉPENSES ÉCHELONNÉES DE MISE EN VALEUR

Asbestos Corporation Limited et ses filiales

consolidé du revenu et du surplus d'exploitation de l'exercice terminé le 31 décembre 1968

8961

1961

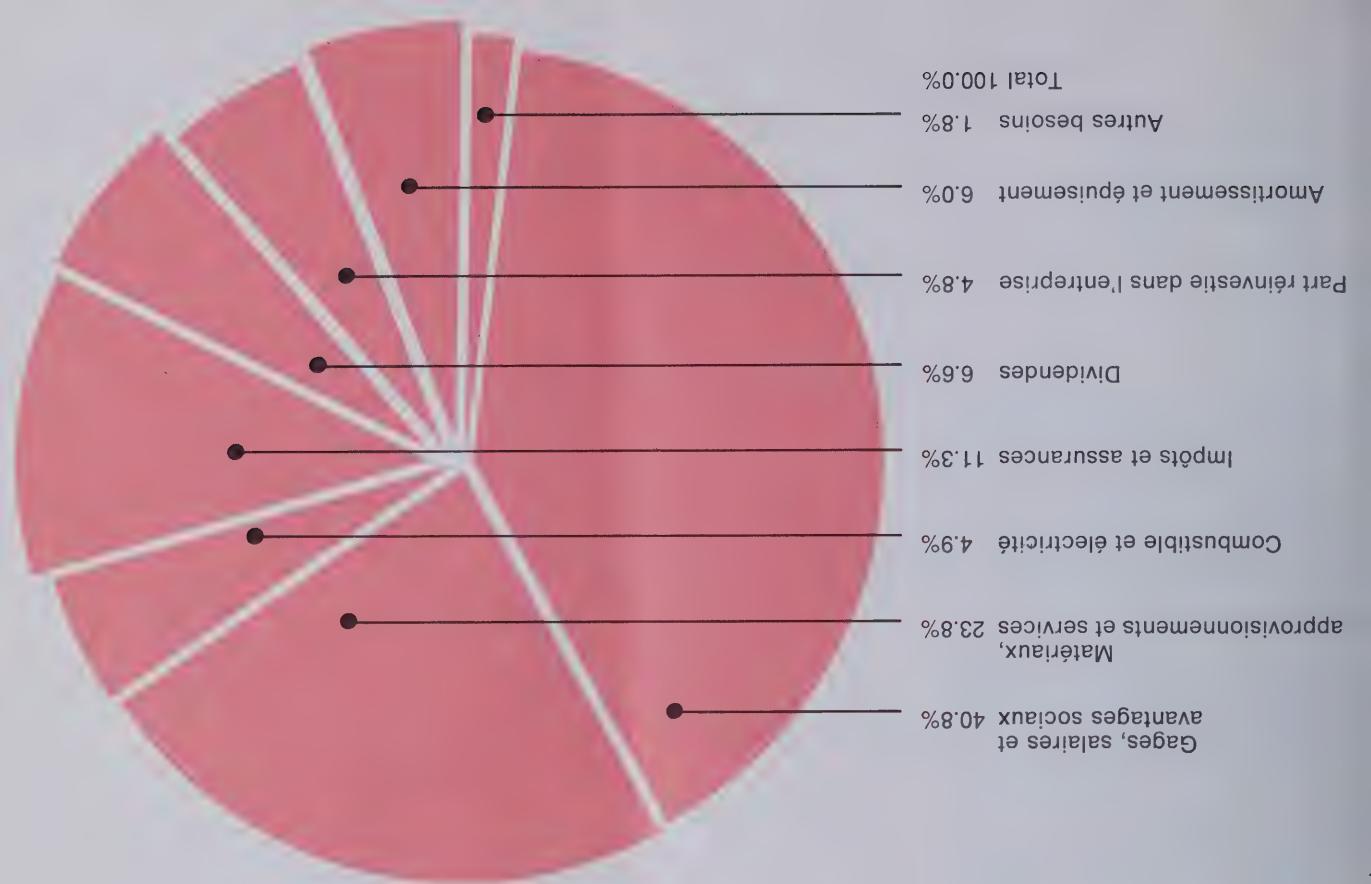
Comptables agréés

Gene Waltham CCo.

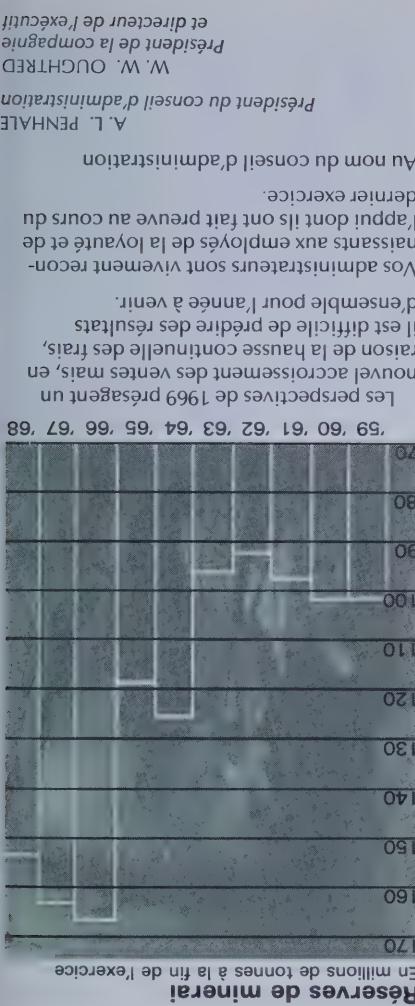
manière que au cours de l'exercice précédent.
ment reconnus, appartenus de la même
ment aux principes comptables générale-
l'exercice terminé à cette date, conformément
source et l'affection de leurs fonds pour
résultats de leurs opérations ainsi que la
comptables au 31 décembre 1968 et les
fidélement la situation financière des
A notre avis, ces états financiers présentent
jugés nécessaires dans les circonstances.
autres preuves à l'appui que nous avons
sondages des livres et pièces comptables et les
générale des procédes comptables et les
date. Notre examen a comporté une revue
leurs fonds pour l'exercice terminé à cette
ainsi que la source et de l'affection de
l'idé du revenu et du surplus d'exploitation
au 31 décembre 1968 ainsi que l'état consu-
Absbestos Corporation Limited et ses filiales
Nous avons examiné le bilan consolidé de

Aux actionnaires de
Asbestos Corporation Limited

Rapport des vérificateurs

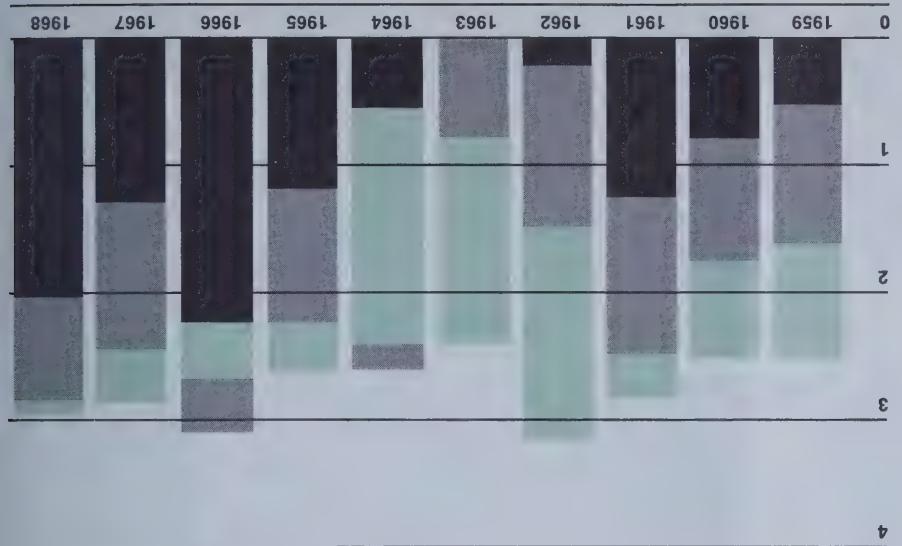


Répartition du dollar de revenu



12 10 8 6 4 2 0

La filiale en propriété exclusive de votre
compagnie, Absentos Corporation (Explora-
tions) Limited, a poursuivi son travail
d'exploration à l'extrême. Elle a partagué-
l'Ontario ou l'évaluation d'un groupe de
concessions de métal dans la
région de Hornby Lake appartenant des résultats
de cevants. Elle a également étendu ses opérations
soudages miniers en Australie et en Califor-
nie et enfin dans l'Alaska. Quant à la
Colombie-Britannique, elle a entrepris
conjoints d'exploration, tandis que les cours
des années précédentes, diverses éléve-
ments de ses dernières années à l'évaluation
de la compagnie mais rien ne se sait pour l'instant.



- Impôts sur le revenu
- Dividendes
- Part réinvestie

grâce au niveau de 1,120 millions. A partir de cette dévaluation, on délimitera le titre à 2,5 de frégeau au diamant. On estime à \$2,5 millions le coût global de cette phase des travaux qui devrait se terminer à la fin de 1971. L'aménagement sera érigé tout en outre une dizaine de fonds de construction qui devraient être utilisés pour assurer la construction du complexe. La production qui résultera de cette opération sera traitée au moulin Normandie et elle assurera la continuité de l'exploitation. La production sera portée à celle des réserves du puits à ciel ouvert.

Montréal, le 21 mars 1969

Repartition des bénéfices n.

Vos administrateurs ont l'honneur de vous annuler le contrat de troisième rapport pour l'exercice terminé le 31 décembre pour la compagnie les filiales de la compagnie le 31 décembre 1986, accompagné du bilan des états consolidés du revenu et surplus d'exploitation ainsi que la source d'affractation des fonds pour l'exercice de 1986 à l'affractation des bénéfices nets applicables aux actions ordinaires de \$4,626,241 ou \$1,792,580 pour action du capital de 2,582,850 actions ordinaires en circulation, en comparaison de \$3,827,695 ou \$1,50 par action au 31 décembre 1985. Les bénéfices nets applicables aux actions ordinaires se chiffrent par \$4,626,241 ou \$1,792,580 par action du capital de 2,582,850 actions ordinaires en circulation au 31 décembre 1986. Le revenu net de l'exercice s'élève à \$4,873,741 au regard de \$4,120,159 en 1987. Les bénéfices nets applicables aux actions ordinaires se chiffrent par \$4,626,241 ou \$1,792,580 par action du capital de 2,582,850 actions ordinaires en circulation au 31 décembre 1987. Wartehouse & Co., ont fait rapport. Mme. Price desquels vous affracteurs. MM. Price

Asbestos Corporation Limited

(Constituée en compagnie en vertu des lois du Canada, le 6 octobre 1925)

Asbestos Corporation Limited

absesso: corporação limitada

Conseil d'administration

Officiers de la corporation

6,647

Nombre de détenteurs d'actions ordinaires

2,234

Nombre d'employés

15,680,615

Gages, salaires et avantages sociaux

82,638,538

Actif global

2,559,408

Amortissement et épuisement

11,215,208

Fonds de roulement

2,044,576

Bénéfices réinvestis dans l'entreprise

\$ 247,500

(a) actions privilégiées

2,581,665

(b) actions ordinaires

1.79

Bénéfices par action ordinaire

\$ 4.50

(a) action privilégiée

1.00

(b) action ordinaire

4,873,741

Revenu après impôts:

2,995,000

Provision pour impôts sur le revenu

\$ 43,631,836

Revenu avant impôts

1968

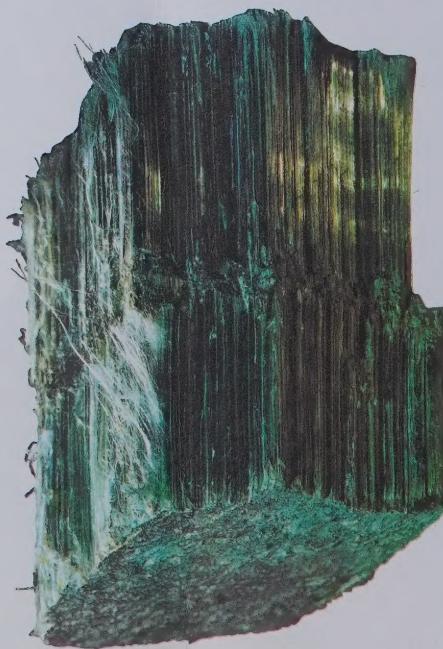
Ventes

Faits saillants de 1968

| | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 |
|--------------|---------------|----------------|--------------|--------------|--------------|--------------|------------|
| 1,528,000 | 899,000 | 2,722,200 | 2,300,000 | 3,100,000 | 2,495,000 | 2,995,000 | |
| 3,227,633 | 1,926,424 | 3,004,671 | 3,736,028 | 5,135,055 | 4,120,159 | 4,873,741 | |
| 4,805,633 | 2,825,424 | 5,726,871 | 6,036,028 | 8,235,055 | 6,615,159 | 7,868,741 | |
| \$25,027,044 | \$23,004,983 | \$37,491,304 | \$33,232,846 | \$39,166,628 | \$39,235,457 | \$43,631,836 | |
| 1,962 | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | |
| \$ 3,200,000 | — | \$ 185,625 (1) | \$ 247,500 | \$ 247,500 | \$ 247,500 | \$ 247,500 | \$ 247,500 |
| \$ 77,632 | (373,576) (2) | 517,555 | 1,023,161 | 2,632,588 | 1,293,936 | 2,044,576 | |
| 9,980,413 | 9,669,820 | 9,277,818 | 9,048,876 | 10,832,471 | 11,162,674 | 11,215,208 | |
| 1,750,000 | 1,750,000 | 2,350,000 | 2,650,000 | 2,500,000 | 2,500,000 | 2,559,408 | |
| 45,968,591 | 44,888,886 | 70,882,402 | 71,321,406 | 76,380,296 | 79,293,518 | 82,638,538 | |
| 9,881,355 | 9,930,950 | 12,604,010 | 12,620,260 | 13,794,636 | 15,478,614 | 15,680,615 | |
| 1,910 | 1,979 | 1,986 | 2,162 | 2,303 | 2,256 | 2,234 | |
| 6,605 | 6,647 | 7,028 | 7,387 | 7,253 | 7,540 | 7,275 | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------|------|------|--------|--------------|--------------|--------------|---------------------|-----------|-----------|-----------|-------------------------------------|-----------|-----------|-----------|----------------------|-----------|-----------|-----------|-----------------|---|---|---|------------------------|--------|---|---|----------------------|--------|---|---|--------------------------------|--------|--------|--------|-------------------------------------|---|---|---|--------------------------|-------------|---|---|------------------------|-------------|---|---|--|---------|---------|-----------|--------------------|-----------|-----------|------------|-----------------------------|-----------|-----------|-----------|--------------|------------|------------|------------|--------------------------------------|-----------|-----------|-----------|-------------------|-------|-------|-------|---|-------|-------|-------|
| 1961 | 1959 | 1960 | Ventes | \$22,151,118 | \$23,974,579 | \$26,992,884 | Revenu avant impôts | 4,676,379 | 5,089,653 | 6,623,684 | Provision pour impôts sur le revenu | 1,619,000 | 1,830,000 | 2,538,000 | Revenu après impôts: | 3,057,379 | 3,259,653 | 4,085,684 | Dividendes par: | — | — | — | (a) Action privilégiée | \$1.40 | — | — | (b) Action ordinaire | \$1.40 | — | — | Benefices par action ordinaire | \$1.69 | \$1.81 | \$2.04 | Dividendes versés aux actionnaires: | — | — | — | (a) Actions privilégiées | \$2,520,000 | — | — | (b) Actions ordinaires | \$2,520,000 | — | — | Benefices réinvestis dans l'entreprise | 537,379 | 739,653 | 1,205,684 | Fonds de roulement | 8,491,871 | 9,047,781 | 11,612,935 | Amortissement et épuisement | 1,600,000 | 1,600,000 | 1,850,000 | Actif global | 36,287,145 | 37,669,271 | 39,107,197 | Gages, salaires et avantages sociaux | 8,411,898 | 9,109,427 | 9,210,596 | Nombre d'employés | 1,796 | 1,863 | 1,836 | Nombre de détenteurs d'actions ordinaires | 6,573 | 6,729 | 6,622 |
|------|------|------|--------|--------------|--------------|--------------|---------------------|-----------|-----------|-----------|-------------------------------------|-----------|-----------|-----------|----------------------|-----------|-----------|-----------|-----------------|---|---|---|------------------------|--------|---|---|----------------------|--------|---|---|--------------------------------|--------|--------|--------|-------------------------------------|---|---|---|--------------------------|-------------|---|---|------------------------|-------------|---|---|--|---------|---------|-----------|--------------------|-----------|-----------|------------|-----------------------------|-----------|-----------|-----------|--------------|------------|------------|------------|--------------------------------------|-----------|-----------|-----------|-------------------|-------|-------|-------|---|-------|-------|-------|

ASBESTOS CORPORATION LIMITÉE - RAPPORT ANNUEL 1968



ASBESTOS